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**Turkey**

**Sugar**

**Semi-Annual**

**2000**

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**Report Highlights:**

**Both sugar beet and centrifugal sugar production are expected to increase slightly in MY 2001. TSC continued signing contracts with farmers based on sugar beet production level quotas, although the MY 2001 sugar beet support price has not yet been announced. In order to decrease large stocks, Turkey will continue exporting sugar through subsidized sales.**

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Includes PSD changes: Yes  
Includes Trade Matrix: Yes  
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## **Executive Summary**

Sugar beet and centrifugal sugar production are expected to increase slightly in MY 2001. The Turkish Sugar Corporation (TSC) continued signing contracts with farmers based on sugar beet production level quotas. HFCS production has increased significantly with completion of a new HFCS plant in Orhangazi.

The MY 2001 support price for sugar beets has not been announced yet, but is expected to be around TL 33,000 - 34,000 per kilogram, about 22-26 percent higher than the last year's price, parallel to other recent price support increases, and significantly lower than the rate of inflation.

Turkey is expected to continue to export large quantities of sugar through subsidized sales, in order to decrease large stocks. The import duty for sugar imports of all origins is 141 percent of the CIF value, with the exception of sugar from EU countries which are assessed 112.8 percent CIF.

In line with its USD 4 billion stand-by agreement with the IMF, the GOT is expected to speed up privatizing the sugar sector next year and is continuing to develop a new Sugar Law. The GOT began to implement a farm sector reform program, with IBRD assistance, which is aimed at replacing inefficient subsidies and price supports with a direct income support system which should encourage production of alternate crops.

## Production

MY 2001 (September 2000 - August 2001) sugar beet and centrifugal sugar production estimates were revised upward according to information received from public and private sources. The Turkish Sugar Corporation (TSC) continued to sign contracts with farmers based on production targets. Post's sugar beet production estimate for MY 2000 was lowered based on new information received from the TSC and PANKOBIRLIK. However, sugar beet area and centrifugal sugar production were not changed. The sugar beet harvest starts in late August and continues through November. Since longer campaigns result in losses and quality deterioration of the end product, the government's new production quota policy brings more discipline to the system.

The MY 2001 sugar beet support price has not yet been announced in the Official Gazette. If the increase is similar to those announced for other crops, the sugar support price is expected to be around 22-26 percent higher than the last year's price- around TL 33,000 - 34,000 per kilogram on a 16 percent polar sugar bases (USD 1.00 is around 680,000 per TL), reflecting the GOT's tightened-budgetary policies. The Government is expected to provide a small bonus for additional polar sugar content and to decrease the price for lower polar sugar content. Farmers delivering their sugar beets to the Eastern Anatolia sugar plants (Agri, Erçis, Erzurum, Kars, and Mus) will probably receive an additional TL 1,500 per kilogram of sugar beets as an incentive.

The total payment to sugar beet farmers, including PANKOBIRLIK, is expected to be announced at around TL 550 trillion (about USD 750 million by the time it's actually paid to farmers), with about 80 percent of this through TSC. TSC has already made advance in kind payments of TL 67 trillion to sugar beet farmers.

A new HFCS processing plant opened in Bursa/Orhangazi and is processing about 800 MT of corn a day. The total HFCS capacity in Turkey is 350,000 MT.

## Consumption

Annual sugar consumption is estimated to be increasing parallel to the population growth rate, since per capita sugar consumption is estimated to be rather stable.

## Prices

The GOT sets ex-factory prices of sugar in accordance with local production costs, which are well above world levels. The following table summarizes recent ex-factory price increases per kilogram of sugar (value-added tax included).

Type of Sugar	December 8, 1999	June 30, 2000	August, 21, 2000
Crystal Sugar:			
In 50 kilogram bags	360,720	368,442	376,380
Cube Sugar:			
In 50 kilogram bags	392,040	400,410	408,780
In 1 Kilogram boxes	414,720	423,630	432,540

(As of October 19, USD 1.00 = about TL 680,000)

The TSC increased ex-factory sugar prices twice in MY 2000 for total increases of about 4.3 percent. This is significantly below the inflation rate during the same 12-month period. However, GOT officials recognize that Turkish sugar prices are already well above the world prices. There is also concern that further price increases would encourage smuggling from neighboring countries.

Retail prices are determined by market forces. The Confederation of Grocers and Supermarkets (an association for retailers) currently sells sugar in Ankara at the following prices:

Type of Sugar	TL per Kilogram (VAT included)
Crystal Sugar:	
In 50 kilogram bags	425,000
Cube Sugar:	
In 50 kilogram bags	460,000
In 1 kilogram boxes	490,000

## Trade

Although MY 2001 production should be closer to consumption levels, Turkey is expected to continue to export large quantities of sugar this year to dispose of carryover stocks. Turkey's import and export data for MY 2000 were decreased to reflect the official trade data. The trade matrix presents official trade data for the entire marketing year for 1999 (September 1998- August 1999) but only for the first nine months (September 1999 - May 2000) for MY 2000, on a raw value basis. A trade matrix for the CY 1999 was also provided as follows:

**Sugar Export Matrix (CY 1999)**

## Export Trade Matrix

Country	Turkey
Commodity	Centrifugal Sugar
Time period	January-December.
Exports for:	1999
U.S.	1,089
Others	
Syria	138,635
Azerbaijan	137,042
Georgia	97,725
Albania	14,241
Iran	9,884
Northern Cyprus	5,947
Turkmenistan	3,761
Lebanon	3,696
United Arab Emirates	2,490
Serbia	2,030
Total for Others	415,451
Others not Listed	68,395
Grand Total	484,935

**Stocks**

Official stock statistics are not available. PS&D estimates are based on information received from both public and private sources.

**Policy****Production Policy**

The Turkish Sugar Corporation continued signing contracts with farmers based on sugar beet production level quotas, which was a shift from previous policy which established quotas on the basis of area planted.

A new Sugar Law which is suppose to regulate the production of beet sugar and HFCS through issuance of quotas has not been finalized by the Ministry of Industry and Trade.

In line with its USD 4 billion stand-by agreement with the IMF, the GOT is expected to speed up privatization of the sugar sector during the coming year. The World Bank is also providing support to the Government's agricultural reform program which includes a shift to direct income supports and is aimed at reducing production of crops including sugar beets, tobacco and hazelnuts.

**Trade Policy**

To eliminate its large stocks, Turkey exports sugar with high subsidies. The duty for sugar imports from all origins is 141 percent of the CIF value, with the exception of sugar from EU countries which are assessed 112.8 percent of the CIF value.

## Tables

**PS&D Table for Sugar Beets**

PSD Table						
Country	Turkey					
Commodity	Sugar Beets				(1000 HA)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		09/1998		09/1999		09/2000
Area Planted	505	504	425	425	400	410
Area Harvested	500	501	417	417	395	405
Production	18800	22060	17354	16854	16000	16500
TOTAL SUPPLY	18800	22060	17354	16854	16000	16500
Utilization for Sugar	18800	22060	17354	16854	16000	16500
Utilizatn for Alcohol	0	0	0	0	0	0
TOTAL UTILIZATION	18800	22060	17354	16854	16000	16500

**PS&D Table for Centrifugal Sugar**

PSD Table						
Country	Turkey					
Commodity	Centrifugal Sugar				(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		09/1998		09/1999		09/2000
Beginning Stocks	659	659	1098	1098	457	649
Beet Sugar Production	2947	2947	2159	2160	2065	2200
Cane Sugar Production	0	0	0	0	0	0
TOTAL Sugar Production	2947	2947	2159	2160	2065	2200
Raw Imports	0	0	0	0	0	0
Refined Imp.(Raw Val)	5	5	10	1	0	0
TOTAL Imports	5	5	10	1	0	0
TOTAL SUPPLY	3611	3611	3267	3259	2522	2849
Raw Exports	0	0	0	0	0	0
Refined Exp.(Raw Val)	433	433	700	500	200	400
TOTAL EXPORTS	433	433	700	500	200	400
Human Dom. Consumption	2080	2080	2110	2110	2145	2140
Feed Dom. Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	2080	2080	2110	2110	2145	2140
Ending Stocks	1098	1098	457	649	177	309
TOTAL DISTRIBUTION	3611	3611	3267	3259	2522	2849

**Sugar Export Matrix**

Export Trade Matrix			
Country	Turkey		
Commodity	Centrifugal Sugar		
Time period	Sep. - Aug.	Units:	Metric tons
Exports for:	1999		2000
U.S.	1	U.S.	1091
Others		Others	
Syria	132143	Azerbaijan	116005
Georgia	113242	Syria	63634
Azerbaijan	113047	Georgia	63548
Albania	10272	Iran	28023
Northern Cyprus	3494	Tunisia	14700
Iran	2884	Albania	9150
United Arab Em.	2707	Lebanon	7578
Serbia	2194	Egypt	7386
Greece	2173	United Arab Em.	6805
Turkmenistan	1157	Northern Cyprus	6561
Total for Others	383313		323390
Others not Listed	49339		73937
Grand Total	432653		398418

**Sugar Import Matrix**

Import Trade Matrix			
Country	Turkey		
Commodity	Centrifugal Sugar		
Time period	Sep. - Aug.	Units:	Metric Tons
Imports for:	1999		2000
U.S.	17	U.S.	
Others		Others	
Belgium	1630	United Kingdom	520
Brazil	1250	Germany	88
Bulgaria	954	Italy	23
France	652	Switzerland	5
United Kingdom	263	Spain	3
Italy	82	Netherlands	2
Germany	47		
Russia	43		
Spain	2		
Kazakistan	1		
Total for Others	4924		641
Others not Listed			
Grand Total	4941		641